

**FAIRFIELD TOWNSHIP  
LENAWEE COUNTY, MICHIGAN  
ANNUAL FINANCIAL REPORT  
MARCH 31, 2007**

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name <b>FAIRFIELD</b>	County <b>LENAWEE</b>
Fiscal Year End <b>MARCH 31, 2007</b>	Opinion Date <b>SEPTEMBER 28, 2007</b>	Date Audit Report Submitted to State <b>OCTOBER 8, 2007</b>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES


NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) <b>PHILIP R RUBLEY, CPA</b>		Telephone Number <b>517-458-2274</b>	
Street Address <b>133 W MAIN STREET</b>		City <b>MORENCI</b>	State <b>MI</b>
Zip <b>49256</b>			
Authorizing CPA Signature 		Printed Name <b>PHILIP R RUBLEY</b>	License Number <b>9223</b>

**FAIRFIELD TOWNSHIP  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED MARCH 31, 2007**

---

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
 <b><u>FINANCIAL SECTION</u></b>	
Management Discussion and Analysis	1 - 6
Independent Auditor's Report	7 - 8
Government – Wide Statement of Net Assets	9
Government – Wide Statement of Activities	10 - 11
Governmental Fund Balance Sheet	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	13
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Fund Statement of Net Assets	16
Proprietary Fund Statement of Revenue, Expenses and Changes in Net Assets	17
Reconciliation of the Statement of Revenues, Expenses and Changes in Net Assets of Enterprise Funds to the Statement of Activities	18
Proprietary Fund Statement of Cash Flows	19 - 20
Fiduciary Funds Statement of Net Assets	21
Notes to Financial Statements	22 - 34
 <b><u>REQUIRED SUPPLEMENTAL INFORMATION</u></b>	
Budgetary Comparison Schedule – General Fund	35
Budgetary Comparison Schedule – Fire Fund (Major Special Revenue Fund)	36

Combining Balance Sheet – Non-Major Governmental Funds	37
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds	38

**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

---

**Using This Annual Report**

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of Fairfield Township government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

**Overview Of The Financial Statements**

The Township's basic financial statements are comprised of three components:

- A) Government-wide financial statements.
- B) Fund financial statements.
- C) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Township maintains 4 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and fire fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

**Proprietary Funds.** The Township maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township has two funds to account for sewer and water activity.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

---

**Notes To The Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, recreation and culture and community development, other functions and interest on debt.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories; governmental funds, fiduciary funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Other Information**

The Township has reported under required supplementation information, information about the General Fund and Major Type Funds, and Combining Balance Sheets and Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Type Governmental Funds.

**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

---

**The Township As A Whole**

The Township's net assets for the year ended March 31, 2007 decreased by 3.28% over the prior year, and management feels that even though the economic conditions have been slightly depressed, that the Township was fiscally stable.

The governmental activities reflect net assets of \$850,446.

By far the largest portion of the Township's net assets (64.25%) reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire these assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

**FAIRFIELD TOWNSHIP NET ASSETS**

	<u><b>Governmental Activities</b></u>		<u><b>Business-Type Activities</b></u>	
	<u><b>2007</b></u>	<u><b>2006</b></u>	<u><b>2007</b></u>	<u><b>2006</b></u>
<b><u>Revenue</u></b>				
Program Revenue:				
Charges for Services	\$ 28,357	\$ 39,637	\$ 103,694	\$ 93,814
Operating Grants and Contributions	3,390	---	30,711	13,116
General Revenue:				
Property Taxes	215,272	209,935	---	---
Grants and Contributions Not Restricted To Specific Program	128,139	130,036	---	---
Interest and Rentals Earnings	<u>8,281</u>	<u>6,193</u>	<u>18,267</u>	<u>16,937</u>
<b>Total Revenue</b>	<u>383,439</u>	<u>385,801</u>	<u>152,672</u>	<u>123,867</u>
<b><u>Expenses</u></b>				
General Government	124,152	111,387	---	---
Public Safety	155,855	120,532	---	---
Public Works	112,972	98,289	221,454	240,860
Community and Economic Development	841	1,832	---	---
Interest on Long-Term Debt	3,584	2,190	89,067	64,060
Other Functions	<u>14,949</u>	<u>23,997</u>	<u>---</u>	<u>---</u>
<b>Total Expenses</b>	<u>412,353</u>	<u>358,227</u>	<u>310,521</u>	<u>304,920</u>
<b>Increase (Decrease) In Net Assets</b>	(28,914)	27,574	(157,849)	(181,053)
<b>Net Assets Beginning of Year</b>	<u>879,360</u>	<u>851,786</u>	<u>4,827,681</u>	<u>5,008,734</u>
<b>Net Assets End of Year</b>	<u>\$850,446</u>	<u>\$879,360</u>	<u>\$4,669,832</u>	<u>\$4,827,681</u>



**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

**FAIRFIELD TOWNSHIP NET ASSETS**

	<u><b>Governmental Activities</b></u>		<u><b>Business-Type Activities</b></u>	
	<u><b>2007</b></u>	<u><b>2006</b></u>	<u><b>2007</b></u>	<u><b>2006</b></u>
Current and Other Assets	\$512,037	\$552,010	\$1,506,728	\$1,570,479
Capital Assets	<u>388,056</u>	<u>383,198</u>	<u>4,504,555</u>	<u>4,632,788</u>
<b>Total Assets</b>	<b>\$900,093</b>	<b>\$935,208</b>	<b>\$6,011,283</b>	<b>\$6,203,267</b>
Long-Term Liabilities				
Outstanding	\$ 31,710	\$ 41,000	\$1,314,000	\$1,346,000
Other Liabilities	<u>17,937</u>	<u>14,848</u>	<u>27,451</u>	<u>29,586</u>
<b>Total Liabilities</b>	<b><u>49,647</u></b>	<b><u>55,848</u></b>	<b><u>1,341,451</u></b>	<b><u>1,375,586</u></b>
<b><u>Net Assets</u></b>				
Invested in Capital Assets,				
Net of Related Debt	356,346	342,198	3,190,555	3,286,788
Unrestricted	324,743	369,445	1,479,277	1,540,893
Reserved - Building	<u>169,357</u>	<u>167,717</u>	<u>---</u>	<u>---</u>
<b>Total Net Assets</b>	<b>\$850,446</b>	<b>\$879,360</b>	<b>\$4,669,832</b>	<b>\$4,827,681</b>

**Government Activities**

Government activities (decreased) the Township's net assets by \$(28,914).

**The Township's Funds**

Our analysis of the Township's funds begins on Page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Trustee Board and management creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, etc.

**FAIRFIELD TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

---

**General Fund Budgetary Highlights**

There were minor differences between the original budget and amended budget.

**Capital Assets And Debt Administration**

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2007, amounted to \$3,286,788 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment. The total increase in the Township's investment in capital assets for the current year was .542%.

Long-term debt of the Township decreased by \$32,000 (see Note 8 of the basic financial statements). There was no new debt incurred in the fiscal year ended March 31, 2007.

**Economic Factors And Next Year's Budget And Rates**

The Township's budget for 2007-2008 fiscal year has taken inconsideration, the economic condition of the State of Michigan anticipating reduced state share revenues. This will require close tabs on expenditures for the upcoming year.

**Contacting The Townships Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at P.O. Box 286, Jasper, Michigan 49248.

# PHILIP R. RUBLEY

— *Certified Public Accountant* —

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

September 28, 2007

**Township Board  
Fairfield Township  
Lenawee County  
9965 Brown Street  
Weston, MI 49289**

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fairfield Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fairfield Township management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fairfield Township as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

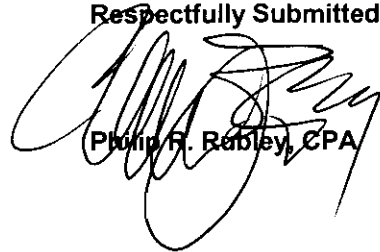
The management's discussion and analysis and budgetary comparison information on pages 1 through 6, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairfield Township basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

**Fairfield Township**  
**September 28, 2007**

The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Respectfully Submitted,**

A handwritten signature in black ink, appearing to read "Philip R. Rabley", is written over the printed name.

**Philip R. Rabley, CPA**

PRR/cab

**FAIRFIELD TOWNSHIP**  
**Government-wide Statement of Net Assets**  
**March 31, 2007**

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>			
Cash and Equivalents	\$491,075	\$ 630,195	\$1,121,270
Receivables - Net	17,495	876,015	893,510
Prepaid Items and Other Assets	3,467	518	3,985
Capital Assets Not Being Depreciated	25,000	106,689	131,689
Capital Assets Being Depreciated - Net	<u>363,056</u>	<u>4,397,866</u>	<u>4,760,922</u>
<b>Total Assets</b>	<u>\$900,093</u>	<u>\$6,011,283</u>	<u>\$6,911,376</u>
<b><u>Liabilities</u></b>			
Accounts Payable and Accrued Expenses	\$ 17,937	\$ 27,451	\$ 45,388
Long-Term Liabilities:			
Due Within One Year	5,000	38,000	43,000
Due In More Than One Year	<u>26,710</u>	<u>1,276,000</u>	<u>1,302,710</u>
<b>Total Liabilities</b>	<u>49,647</u>	<u>1,341,451</u>	<u>1,391,098</u>
<b><u>Net Assets</u></b>			
Invested In Capital Assets, Net of Related Debt	356,346	3,190,555	3,546,901
Unrestricted	324,743	1,479,277	1,804,020
Reserved - Building	<u>169,357</u>	<u>---</u>	<u>169,357</u>
<b>Total Net Assets</b>	<u>\$850,446</u>	<u>\$4,669,832</u>	<u>\$5,520,278</u>

**FAIRFIELD TOWNSHIP**  
**Government-wide Statement of Activities**  
**For The Year Ended March 31, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Net (Expenses) Revenues</u>
<b><u>Governmental Activities:</u></b>					
General Government	\$124,152	\$ 6,749	\$ ---	\$ ---	\$ (117,403)
Public Safety	155,855	21,608	3,390	---	(130,857)
Public Works	112,972	---	---	---	(112,972)
Community and Economic Development	841	---	---	---	(841)
Other Functions	14,949	---	---	---	(14,949)
Interest Expense	3,584	---	---	---	(3,584)
<b>Total Governmental Activities</b>	<u>412,353</u>	<u>28,357</u>	<u>3,390</u>	<u>---</u>	<u>(380,606)</u>
<b><u>Business-Type Activities:</u></b>					
Utilities	221,454	103,694	30,711	---	(87,049)
Interest on Debt	89,067	---	---	---	(89,067)
<b>Total Business-Type Activities</b>	<u>310,521</u>	<u>103,694</u>	<u>30,711</u>	<u>---</u>	<u>(176,116)</u>
<b>Total All Expenses</b>	<u>\$722,874</u>	<u>\$132,051</u>	<u>\$34,101</u>	<u>\$ ---</u>	<u>\$ (556,722)</u>

**FAIRFIELD TOWNSHIP**  
**Government-wide Statement Of Activities (Concluded)**  
**For The Year Ended March 31, 2007**

---

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
<b><u>Changes In Net Assets</u></b>			
Net (Expense) Revenue	\$ (380,606)	\$ (176,116)	\$ (556,722)
General Revenues:			
Property Taxes and Assessments	215,272	---	215,272
Grants and Contributions			
Not Restricted To			
Specific Programs	128,139	---	128,139
Unrestricted Investment			
Earnings and Rentals	<u>8,281</u>	<u>18,267</u>	<u>26,548</u>
<b>Total General Revenues, Contributions and Transfers</b>	<u>351,692</u>	<u>18,267</u>	<u>369,959</u>
 <b>Change In Net Assets (Decrease)</b>	 (28,914)	 (157,849)	 (186,763)
<b>Net Assets, Beginning of Year</b>	<u>879,360</u>	<u>4,827,681</u>	<u>5,707,041</u>
<b>Net Assets, End of Year</b>	<u>\$ 850,446</u>	<u>\$4,669,832</u>	<u>\$5,520,278</u>

**FAIRFIELD TOWNSHIP**  
**Governmental Funds**  
**Balance Sheet**  
**March 31, 2007**

	<b><u>General Fund</u></b>	<b><u>Fire Fund</u></b>	<b><u>Other Non-Major Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>ASSETS</u></b>				
Cash and Cash				
Equivalents	\$399,621	\$85,731	\$5,723	\$491,075
Prepaid Expenses	1,052	2,415	---	3,467
Receivables - Net	<u>11,471</u>	<u>6,024</u>	<u>---</u>	<u>17,495</u>
<b>Total Assets</b>	<b>\$412,144</b>	<b>\$94,170</b>	<b>\$5,723</b>	<b><u>\$512,037</u></b>
<b><u>LIABILITIES</u></b>				
Accounts Payable/				
Accrued Liabilities	\$ 16,925	\$ 1,012	\$ ---	\$ 17,937
Deferred Revenue	<u>824</u>	<u>375</u>	<u>---</u>	<u>1,199</u>
<b>Total Liabilities</b>	<b><u>17,749</u></b>	<b><u>1,387</u></b>	<b><u>---</u></b>	<b><u>19,136</u></b>
<b><u>FUND BALANCES</u></b>				
Unreserved	225,038	92,783	5,723	323,544
Reserved - Building	<u>169,357</u>	<u>---</u>	<u>---</u>	<u>169,357</u>
<b>Total Fund Balances</b>	<b><u>394,395</u></b>	<b><u>92,783</u></b>	<b><u>5,723</u></b>	<b><u>492,901</u></b>
<b>Total Liabilities and Fund Balances</b>	<b>\$412,144</b>	<b>\$94,170</b>	<b>\$5,723</b>	<b><u>\$512,037</u></b>



**FAIRFIELD TOWNSHIP**  
**Reconciliation of Fund Balances On The Balance Sheet For Governmental Funds**  
**To Net Assets Of Governmental Activities On The Statement of Net Assets**  
**March 31, 2007**

---

**Fund Balances – Total Governmental Funds** \$ 492,901

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

<b>Add:</b>	Capital Assets	874,472
<b>Deduct:</b>	Accumulated Depreciation	(486,416)

Revenue that has been billed as a receivable, but not collected until later years, was not reported in the funds.

<b>Add:</b>	Deferred Revenue	1,199
-------------	------------------	-------

Certain liabilities, such as bonds payable, notes payable, are not due and payable in the current period and therefore are not reported in the funds.

<b>Deduct:</b>	Notes payable - USDA	<u>(31,710)</u>
----------------	----------------------	-----------------

**Net Assets of Governmental Activities** \$ 850,446

**FAIRFIELD TOWNSHIP**  
**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes In Fund Balances**  
**For The Year Ended March 31, 2007**

	<b><u>General Fund</u></b>	<b><u>Fire Fund</u></b>	<b><u>Other Non-Major Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>REVENUES</u></b>				
Taxes and Assessments	\$141,639	\$ 72,883	\$ ---	\$214,522
Grants	---	2,868	---	2,868
Intergovernmental	128,139	---	522	128,661
Licenses and Permits	10,681	---	---	10,681
Fines and Forfeitures	155	---	---	155
Charges for Services	77	10,927	---	11,004
Interest and Rentals	8,183	92	6	8,281
Other	---	385	500	885
Franchise Fee	1,655	---	---	1,655
Metro Authority	<u>3,977</u>	<u>---</u>	<u>---</u>	<u>3,977</u>
<b>Total Revenue</b>	<u>294,506</u>	<u>87,155</u>	<u>1,028</u>	<u>382,689</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General Government	105,958	---	---	105,958
Public Safety	18,567	102,644	600	121,811
Public Works	112,972	---	---	112,972
Community Economic Development	841	---	---	841
Capital Outlay	30,883	26,213	---	57,096
Other Functions	<u>17,336</u>	<u>---</u>	<u>---</u>	<u>17,336</u>
<b>Total Expenditures</b>	<u>286,557</u>	<u>128,857</u>	<u>600</u>	<u>416,014</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	7,949	(41,702)	428	(33,325)
<b>Other Financing Sources (Uses)</b>				
Transfers In	---	15,000	---	15,000
Transfers (Out)	<u>(15,000)</u>	<u>---</u>	<u>---</u>	<u>(15,000)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(15,000)</u>	<u>15,000</u>	<u>---</u>	<u>---</u>
<b>Net Change In Fund Balances</b>	(7,051)	(26,702)	428	(33,325)
<b>Fund Balances – Beginning of Year</b>	<u>401,446</u>	<u>119,485</u>	<u>5,295</u>	<u>526,226</u>
<b>Fund Balances – End of Year</b>	<u>\$394,395</u>	<u>\$ 92,783</u>	<u>\$5,723</u>	<u>\$492,901</u>

**FAIRFIELD TOWNSHIP**  
**Reconciliation Of The Statement Of Revenues, Expenditures,**  
**And Changes In Fund Balances Of Governmental Statement Of Activities**  
**March 31, 2007**

---

**Net Change In Fund Balances – Total Governmental Funds** \$(33,325)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

**Deduct:** Depreciation Expense (34,572)

**Add:** Capital Outlay 39,430

Revenue deferred on the governmental funds report, which has been charged to receivable and thus income on the statement of activities.

**Add:** Deferred Revenue other adjustments 750

Certain liabilities, such as accrued interest are not due and payable and not reported in the funds statement.

**Deduct:** Other liabilities, etc. (10,487)

Notes payable proceeds provide current financial resources to governmental funds in the period issued, but issuing notes payable increase long-term liabilities in the statement of net assets. Repayment of notes principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.

**Add:** Principal payments on long-term liabilities 9,290

**Change In Net Assets Of Governmental Activities** \$(28,914)

**FAIRFIELD TOWNSHIP**  
**Statement of Net Assets**  
**Proprietary Funds**  
**March 31, 2007**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total Utilities</u></b>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 294,482	\$ 335,713	\$ 630,195
Accounts Receivable	7,533	8,780	16,313
Interest Receivable	2,783	---	2,783
Special Assessment Receivable - Current	23,685	103,930	127,615
Due from Other Funds	---	15,287	15,287
Prepaid Insurance	300	218	518
<b>Total Current Assets</b>	<u>328,783</u>	<u>463,928</u>	<u>792,711</u>
Noncurrent Assets:			
Property and Equipment - Net	1,753,549	2,751,006	4,504,555
Special Assessment Receivable	49,534	679,770	729,304
<b>Total Noncurrent Assets</b>	<u>1,803,083</u>	<u>3,430,776</u>	<u>5,233,859</u>
<b>Total Assets</b>	<u>\$2,131,866</u>	<u>\$3,894,704</u>	<u>\$6,026,570</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 54	\$ 27,397	\$ 27,451
Due to Other Funds	15,287	---	15,287
Bonds and Note Payable - Current Portion	---	38,000	38,000
<b>Total Current Liabilities</b>	<u>15,341</u>	<u>65,397</u>	<u>80,738</u>
Noncurrent Liabilities:			
Bonds and Note Payable	---	1,276,000	1,276,000
<b>Total Noncurrent Liabilities</b>	<u>---</u>	<u>1,276,000</u>	<u>1,276,000</u>
<b>Total Liabilities</b>	<u>15,341</u>	<u>1,341,397</u>	<u>1,356,738</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	1,753,549	1,437,006	3,190,555
Unrestricted	362,976	1,116,301	1,479,277
<b>Total Net Assets</b>	<u>2,116,525</u>	<u>2,553,307</u>	<u>4,669,832</u>
<b>Net Assets of Business-Type Activities on the Government-Wide Statement of Net Assets</b>	<u>\$2,116,525</u>	<u>\$2,553,307</u>	<u>\$4,669,832</u>

**FAIRFIELD TOWNSHIP**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For The Year Ended March 31, 2007**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total Utilities</u></b>
<b>Operating Revenues</b>			
Charges for Services	\$ 38,975	\$ 64,719	\$ 103,694
<b>Total Operating Revenues</b>	<u>38,975</u>	<u>64,719</u>	<u>103,694</u>
<b>Expenses</b>			
Salaries and Fringe Benefits	4,005	8,731	12,736
Supplies	4,130	3,207	7,337
Contractual Services	16,023	19,926	35,949
Miscellaneous	4,984	1,523	6,507
Utilities	2,366	752	3,118
Insurance	2,700	2,612	5,312
Repairs and Maintenance	12,182	10,080	22,262
Depreciation	68,013	60,220	128,233
<b>Total Operating Expenses</b>	<u>114,403</u>	<u>107,051</u>	<u>221,454</u>
<b>Operating Income (Loss)</b>	<u>(75,428)</u>	<u>(42,332)</u>	<u>(117,760)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Investment Income	11,392	6,875	18,267
Interest Expense and Fiscal Charges	---	(89,067)	(89,067)
Special Assessments	---	30,531	30,531
Other	180	---	180
Transfer In (Out)	<u>(9,150)</u>	<u>9,150</u>	<u>---</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>2,422</u>	<u>(42,511)</u>	<u>(40,089)</u>
<b>(Loss)</b>	<u>(73,006)</u>	<u>(84,843)</u>	<u>(157,849)</u>
<b>Net Assets, Beginning of Year</b>	<u>2,189,531</u>	<u>2,638,150</u>	<u>4,827,681</u>
<b>Net Assets, End of Year</b>	<u>\$2,116,525</u>	<u>\$2,553,307</u>	<u>\$4,669,832</u>

**FAIRFIELD TOWNSHIP**  
**Reconciliation Of The Statement Of Revenues, Expenditures, To The Statement Of Activities**  
**March 31, 2007**

---

<b>Change In Net Assets – All Enterprise Funds</b>	\$ (157,849)
No additional adjustments	<u>---</u>
<b>Change In Net Assets Of Business-Type Activities</b>	<u>\$ (157,849)</u>

**FAIRFIELD TOWNSHIP**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended March 31, 2007**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total Utilities</u></b>
<b>Cash Flows From Operating Activities</b>			
Cash Received from Customers	\$ 51,595	\$ 70,035	\$ 121,630
Cash Payment to Suppliers For Goods and Services/Employees	<u>(49,509)</u>	<u>(61,859)</u>	<u>(111,368)</u>
<b>Net Cash Provided (Used)</b>	<u>2,086</u>	<u>8,176</u>	<u>10,262</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Special Assessment Receivable	15,535	96,791	112,326
Bond Principal Payments	---	(32,000)	(32,000)
Bond Interest Payments	---	(63,175)	(63,175)
Transfer In (Out)	<u>(9,150)</u>	<u>9,150</u>	<u>---</u>
<b>Net Cash (Used) by Capital and Related Financing Activities)</b>	<u>6,385</u>	<u>10,766</u>	<u>17,151</u>
<b>Cash Flows From Investing Activities</b>			
Investment Income	8,609	6,875	15,484
Purchase of Capital Assets	<u>---</u>	<u>---</u>	<u>---</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>8,609</u>	<u>6,875</u>	<u>15,484</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	17,080	25,817	42,897
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>277,402</u>	<u>309,896</u>	<u>587,298</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>294,482</u>	<u>335,713</u>	<u>630,195</u>
<b>Reconciliation to Statement of Net Assets</b>			
Cash and Cash Equivalents	\$294,482	\$335,713	\$ 630,195

**FAIRFIELD TOWNSHIP**  
**Statement of Cash Flows (Concluded)**  
**Proprietary Funds**  
**For The Year Ended March 31, 2007**

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>	<b><u>Total Utilities</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>			
Operating (Loss)	\$ (73,006)	\$ (84,843)	\$ (157,849)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	68,013	60,220	128,233
Changes in Assets and Liabilities:			
Prepaid Insurance	(300)	---	(300)
Accounts Receivable	12,620	5,316	17,936
Other Current Assets	(2,783)	---	(2,783)
Due from Other Funds	---	---	---
Accounts Payable, Accrued Liabilities			
Current Portion	(2,999)	864	(2,135)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>1,545</u></b>	<b><u>(18,443)</u></b>	<b><u>(16,898)</u></b>
<b>Cash Flows From Investing Activities:</b>			
Purchase of Capital Assets	---	---	---
<b>Net Cash (Used) from Investing Activities</b>	<b><u>---</u></b>	<b><u>---</u></b>	<b><u>---</u></b>
<b>Cash Flows From Financing Activities:</b>			
Principal Paid on Bonds/Notes	---	(32,000)	(32,000)
Special Assessment Receivable	15,535	76,260	91,795
<b>Net Cash (Used) from Financing Activities</b>	<b><u>15,535</u></b>	<b><u>44,260</u></b>	<b><u>59,795</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>17,080</b>	<b>25,817</b>	<b>42,897</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b><u>277,402</u></b>	<b><u>309,896</u></b>	<b><u>587,298</u></b>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$294,482</u></b>	<b><u>\$ 335,713</u></b>	<b><u>\$ 630,195</u></b>



**FAIRFIELD TOWNSHIP**  
**Fiduciary Funds – Statement of Net Assets**  
**March 31, 2007**

---

	<b>Current Tax Collection Fund</b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ 59
<b>Total Assets</b>	<b>\$ 59</b>
<b><u>Liabilities</u></b>	
Due to General Funds	\$ 59
<b>Total Liabilities</b>	<b>\$ 59</b>

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Fairfield Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

**A. Reporting Entity**

Fairfield Township is governed by an elected board. The accompanying financial statements present the government for which government is considered to be financially accountable.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

---

Property taxes, franchise taxes, intergovernmental revenue licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

**The General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**The Fire Fund** is a special Revenue Fund that receives monies for contractual services and charges for the purpose of providing fire protection and Advanced and Basic Life Support Services to the community.

The government reports the following major proprietary fund:

**The Water and Sewer Funds (Utilities)** are proprietary funds which accounts for activities of the government's waste water and water system.

Additionally, the government reports the following fund types:

The Agency Funds account for assets held by the Township acting as an agent for individuals, private organizations, other governments and/or other funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-side and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities and enterprise funds.

Proprietary funds distinguish operating revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities fund are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

---

**D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Assets, Liabilities, and Net Assets or Equity**

1. **Bank Deposits and Investment** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loans associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. **Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."
3. **Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.
4. **Inventories** – All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.
5. **Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

---

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20 - 50
Building	10 - 50
Machinery, Equipment, And Furnishings	5 - 35
Utility Systems	50 - 100
Infrastructure	15 - 100
Vehicles	5 - 15

6. **Long-Term Obligations** – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.
7. **Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. **Budgetary Information** – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before the end of March of each year, the Township Board proposes a budget for review and holds public hearings and a final budget is adopted.

The appropriated budget is prepared by fund, function and activity. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is with the Board of Trustees.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

---

**B. Excess of Expenditures Over Appropriations In Budgeted Funds** - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2007, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government:			
Supervisor	\$11,809	\$ 12,609	\$ 782
Assessing	16,242	19,009	173
Board of Review	757	61	61
Public Works:			
Sanitation	---	7,039	2,039
Fire Fund:			
Telephone	890	1,216	326
Repairs and Maintenance	10,000	17,457	7,457
Capital Outlay	23,000	26,213	3,213
Education and Training	3,800	7,112	3,312
Transportation	2,200	2,461	261

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The government unit's deposits and investment policy are in accordance with statutory authority.

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1:** Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2:** Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3:** Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

	<b><u>Category</u></b>			<b><u>Carrying</u></b>	<b><u>Market</u></b>
	<b><u>1</u></b>	<b><u>2</u></b>	<b><u>3</u></b>	<b><u>Value</u></b>	<b><u>Value</u></b>
Checking, Savings and Certificate of Deposits	\$300,000	\$821,329	\$ ---	\$1,121,329	\$1,121,329
	\$300,000	\$821,329	\$ ---	\$1,121,329	\$1,121,329

Includes Trust & Agency fund cash of \$59.

**Balance Sheet Cash And Cash Investments**

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township's deposits are as follows:

<b><u>Deposits</u></b>	<b><u>Carrying</u></b>
	<b><u>Amount</u></b>
Insured (FDIC) (FSLIC)	\$ 300,000
Uninsured:	
Uncollateralized	<u>821,329</u>
<b>Total</b>	<b><u>\$1,121,329</u></b>

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

**Statement of Net Asset:**

Cash and Cash Equivalents	<u>\$1,121,270</u>
	<u>1,121,270</u>

**Statement of Fiduciary Net Asset:**

Agency Funds:	
Cash and Cash Equivalents	<u>59</u>
	<u>---</u>
	<u>\$1,121,329</u>

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

**NOTE 4 – CAPITAL ASSETS**

Capital assets activity for the year ended March 31, 2007 was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Ending Decreases</u></b>	<b><u>Balance</u></b>
<b><u>Governmental Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 25,000	\$ ---	\$ ---	\$ 25,000
<b>Total Capital Assets Not Being Depreciated</b>	<u>25,000</u>	<u>---</u>	<u>---</u>	<u>25,000</u>
Capital Assets, Being Depreciated:				
Buildings	97,153	11,936	---	109,089
Vehicles	539,954	25,599	---	565,553
Equipment	172,935	1,895	---	174,830
<b>Total Capital Assets Being Depreciated</b>	<u>810,042</u>	<u>39,430</u>	<u>---</u>	<u>849,472</u>
Less Accumulated Depreciation For:				
Buildings	(49,859)	(2,203)	---	(52,062)
Vehicles	(308,731)	(23,929)	---	(332,660)
Equipment	(93,254)	(8,440)	---	(101,694)
<b>Total Accumulated Depreciation</b>	<u>(451,844)</u>	<u>(34,572)</u>	<u>---</u>	<u>(486,416)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>358,198</u>	<u>4,858</u>	<u>---</u>	<u>363,056</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 383,198</u>	<u>\$ 4,858</u>	<u>\$ ---</u>	<u>\$ 388,056</u>
<b><u>Business-Type Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 106,689	\$ ---	\$ ---	\$ 106,689
<b>Total Capital Assets Not Being Depreciated</b>	<u>106,689</u>	<u>---</u>	<u>---</u>	<u>106,689</u>
Capital Assets, Being Depreciated:				
Sewer and Water System	6,330,573	---	---	6,330,573
<b>Total Capital Assets Being Depreciated</b>	<u>6,330,573</u>	<u>---</u>	<u>---</u>	<u>6,330,573</u>
Less Accumulated Depreciation For:				
Sewer and Water System	(1,804,474)	(128,233)	---	(1,932,707)
<b>Total Accumulated Depreciation</b>	<u>(1,804,474)</u>	<u>(128,233)</u>	<u>---</u>	<u>(1,932,707)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>4,526,099</u>	<u>(128,233)</u>	<u>---</u>	<u>4,397,866</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$4,632,788</u>	<u>\$ (128,233)</u>	<u>\$ ---</u>	<u>\$ 4,504,555</u>



**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

---

Depreciation expense was charged to functions/programs of the Township as follows:

**Governmental Activities:**

General Government	\$ 1,142
Public Safety	<u>33,430</u>

<b>Total Depreciation Expense Governmental Activities</b>	<b><u>\$ 34,572</u></b>
---	-------------------------

**Business-Type Activities:**

Utilities	<u>\$128,233</u>
-----------	------------------

<b>Total Depreciation Expense Business-Type Activities</b>	<b><u>\$128,233</u></b>
--	-------------------------

**NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES**

At March 31, 2007, the following were interfund receivables and payables in the fund statement.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Water	\$15,287	\$ ---
Sewer	<u>---</u>	<u>15,287</u>
<b>Total</b>	<b><u>\$15,287</u></b>	<b><u>\$15,287</u></b>

These amounts represent advances to be repaid in the current fiscal year.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

---

**NOTE 6 – TRANSFERS BETWEEN FUNDS**

At March 31, 2007, the following transfers were made between funds:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Water	\$9,150	\$ ---
Sewer	---	9,150
<b>Total</b>	<b>\$9,150</b>	<b>\$9,150</b>

These monies were transferred for operations.

**NOTE 7 – PROPERTY TAXES**

The Township bills and collects property taxes and also taxes for the County and several School Districts within its jurisdiction. Collections and remittances of the County and School taxes are accounted for in the Current Tax Collection Agency Fund. Township property tax revenues are recognized as revenues in the fiscal year levied to the extent that they result in current receivables.

Property taxes attach as an enforceable lien on the property as of January 1.

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

---

**NOTE 8 – LONG-TERM DEBT**

Special Assessment Bond Payable - Series 2000 used for construction of the water system improvements.

Purpose: Construction of water system improvements.

Date of Note: August 24, 2000.

Interest Rate: 4.75%.

Interest Payable: May 1, and November 1.

Principal Payable: May 1, Amount of Issue: \$1,289,000.

<u>Year</u>	<u>Interest May 1</u>	<u>Principal May 1</u>	<u>Interest November 1</u>	<u>Total Payments</u>
2007	\$ 26,695	\$ 31,000	\$ 25,959	\$ 83,654
2008	25,959	32,000	25,199	83,158
2009	25,199	33,000	24,415	82,614
2010	24,415	34,000	23,608	82,023
2011	23,608	34,000	22,800	80,408
2012	22,800	34,000	21,993	78,793
2013	21,993	34,000	21,185	77,178
2014	21,185	34,000	20,378	75,563
2015	20,378	34,000	19,570	73,948
2016	19,570	34,000	18,763	72,333
2017	18,763	34,000	17,955	70,718
2018	17,955	34,000	17,148	69,103
2019	17,148	34,000	16,340	67,488
2020	16,340	34,000	15,533	65,873
2021	15,533	34,000	14,725	64,258
2022	14,725	34,000	13,918	62,643
2023	13,918	34,000	13,110	61,028
2024	13,110	34,000	12,303	59,413
2025	12,303	34,000	11,495	57,798
2026	11,495	34,000	10,688	56,183
2027	10,688	34,000	9,880	54,568
2028	9,880	34,000	9,073	52,953
2029	9,073	34,000	8,265	51,338
2030	8,265	34,000	7,458	49,723
2031	7,458	34,000	6,650	48,108
2032	6,650	35,000	5,819	47,469
2033	5,819	35,000	4,988	45,807
2034	4,988	35,000	4,156	44,144
2035	4,156	35,000	3,325	42,481
2036	3,325	35,000	2,494	40,819
2037	2,494	35,000	1,663	39,157
2038	1,663	35,000	831	37,494
2039	831	35,000	0	35,831
	<u>\$458,382</u>	<u>\$1,124,000</u>	<u>\$431,687</u>	<u>\$2,014,069</u>

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

---

**NOTE 8 – LONG-TERM DEBT (Continued)**

Water Supply System Revenue Bonds - Series 2000 used for construction of the water system improvements.

Purpose: Construction of water system improvements.

Date of Note: August 24, 2000.

Interest Rate: 4.75%.

Interest Payable: May 1 and November 1.

Principal Payable: May 1.

Amount of Issue: \$200,000.

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>
5/1/7	\$ 2,000	4.750000	\$ 4,513	\$ 6,513
11/1/7			4,465	4,465
5/1/8	2,000	4.750000	4,465	6,465
11/1/8			4,418	4,418
5/1/9	3,000	4.750000	4,418	7,418
11/1/9			4,346	4,346
5/1/10	3,000	4.750000	4,346	7,346
11/1/10			4,275	4,275
5/1/11	3,000	4.750000	4,275	7,275
11/1/11			4,204	4,204
5/1/12	3,000	4.750000	4,204	7,204
11/1/12			4,133	4,133
5/1/13	3,000	4.750000	4,133	7,133
11/1/13			4,061	4,061
5/1/14	3,000	4.750000	4,061	7,061
11/1/14			3,990	3,990
5/1/15	3,000	4.750000	3,990	6,990
11/1/15			3,919	3,919
5/1/16	4,000	4.750000	3,919	7,919
11/1/16			3,824	3,824
5/1/17	4,000	4.750000	3,824	7,824
11/1/17			3,729	3,729
5/1/18	4,000	4.750000	3,729	7,729
11/1/18			3,634	3,634
5/1/19	4,000	4.750000	3,634	7,634
11/1/19			3,539	3,539
5/1/20	4,000	4.750000	3,539	7,539
11/1/20			3,444	3,444
5/1/21	4,000	4.750000	3,444	7,444
11/1/21			3,349	3,349
5/1/22	5,000	4.750000	3,349	8,349
11/1/22			3,230	3,230
5/1/23	5,000	4.750000	3,230	8,230
11/1/23			3,111	3,111
5/1/24	5,000	4.750000	3,111	8,111
11/1/24			2,993	2,993
5/1/25	5,000	4.750000	2,993	7,993
11/1/25			2,874	2,874
5/1/26	6,000	4.750000	2,874	8,874
11/1/26			2,731	2,731

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

5/1/27	6,000	4.750000	2,731	8,731
11/1/27			2,589	2,589
5/1/28	6,000	4.750000	2,589	8,589
11/1/28			2,446	2,446
5/1/29	7,000	4.750000	2,446	9,446
11/1/29			2,280	2,280
5/1/30	7,000	4.750000	2,280	9,280
11/1/30			2,114	2,114
5/1/31	7,000	4.750000	2,114	9,114
11/1/31			1,948	1,948
5/1/32	7,000	4.750000	1,948	8,948
11/1/32			1,781	1,781
5/1/33	8,000	4.750000	1,781	9,781
11/1/33			1,591	1,591
5/1/34	8,000	4.750000	1,591	9,591
11/1/34			1,401	1,401
5/1/35	9,000	4.750000	1,401	10,401
11/1/35			1,188	1,188
5/1/36	9,000	4.750000	1,188	10,188
11/1/36			974	974
5/1/37	10,000	4.750000	974	10,974
11/1/37			736	736
5/1/38	10,000	4.750000	736	10,736
11/1/38			499	499
5/1/39	10,000	4.750000	499	10,499
11/1/39			261	261
5/1/40	11,000	4.750000	261	11,261
11/1/40				
	<u>\$190,000</u>		<u>\$192,667</u>	<u>\$382,667</u>

Notes Payable - USDA - for purchase of Fire Truck.  
Date of Note: April 24, 2001.  
Interest Rate: 4.75%.  
Principal Payable: April 1.  
Amount of Issue: \$90,000.  
Interest Payments: Semi Annual - April 1 and October 1.

<u>Year</u>	<u>Interest</u>	<u>Principal</u>
2008	\$ 74	\$ 5,000
2009	1,269	6,000
2010	984	6,000
2011	699	6,000
2012	414	6,000
2013	<u>129</u>	<u>2,710</u>
	<u>\$3,569</u>	<u>\$31,710</u>

**FAIRFIELD TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

<u>Debt Description</u>	<u>Beginning Balance 4/1/06</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance 3/31/07</u>
Special Assessment Bond Payable - Series 2000 - Water System And Improvements	\$1,154,000	\$ ---	\$30,000	\$1,124,000
Water Supply System Revenue Bonds - Series 2000 - Water System And Improvements	192,000	---	2,000	190,000
Notes Payable - USDA - Purchase of Fire Truck	<u>41,000</u>	<u>---</u>	<u>9,290</u>	<u>31,710</u>
<b>Total</b>	<u>\$1,387,000</u>	<u>\$ ---</u>	<u>\$41,290</u>	<u>\$1,345,710</u>

Debt service requirements over next five years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 38,000	\$ 61,706
2009	40,000	61,310
2010	42,000	59,362
2011	43,000	57,343
2012	43,000	55,301
Thereafter	<u>1,139,710</u>	<u>791,283</u>
<b>Total</b>	<u>\$1,345,710</u>	<u>\$1,086,305</u>

**NOTE 9 – OTHER INFORMATION**

**Risk Management**

The government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2007, the government carried insurance through various commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**FAIRFIELD TOWNSHIP**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For The Year Ended March 31, 2007**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b>Resources (Inflows)</b>	\$200,883	\$200,883	\$401,446	\$200,563
Taxes and Assessments	134,952	134,952	141,639	6,687
Intergovernmental	130,000	130,000	128,139	(1,861)
Licenses and Permits	8,420	8,420	10,681	2,261
Fines and Forfeitures	50	50	155	105
Charges for Services	50	50	77	27
Interest and Rentals	2,000	2,000	8,183	6,183
Metro Authority	4,500	4,500	3,977	(523)
Franchise Fee	1,500	1,500	1,655	155
<b>Amounts Available for Appropriation</b>	<u>482,355</u>	<u>482,355</u>	<u>695,952</u>	<u>213,597</u>
<b><u>Charges to Appropriations (Outflows)</u></b>				
<b>General Government</b>				
Trustee Board	3,918	6,000	5,943	57
Supervisor	11,120	11,809	12,839	(1,030)
Treasurer	12,196	14,000	13,719	281
Assessing	16,242	16,242	16,417	(175)
Clerk	16,668	16,668	15,433	1,235
Elections	1,775	1,775	1,775	---
Attorney and Auditing	3,100	3,100	2,905	195
Cemetery	2,300	2,300	1,901	399
Board of Review	757	757	768	(11)
Building and Grounds	34,996	34,996	30,729	4,267
Newsletter	324	400	358	42
Computer Support	3,400	3,400	3,171	229
<b>Public Safety</b>				
Inspections	13,830	19,000	18,567	433
<b>Community Economic Development</b>				
Planning and Zoning	2,000	2,000	841	1,159
<b>Public Works</b>				
Road and Maintenance	113,884	113,884	103,209	10,675
Sanitation	---	---	276	(276)
Street Lights	6,700	6,700	6,442	258
Drains at Large	5,000	5,000	2,694	2,306
Watershed	351	351	351	---
<b>Capital Outlay</b>	21,000	35,000	30,883	4,117
<b>Other Functions</b>	197,794	173,973	17,336	156,637
<b>Transfer Out</b>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>---</u>
<b>Total Charges to Appropriations</b>	<u>482,355</u>	<u>482,355</u>	<u>301,557</u>	<u>180,798</u>
<b>Ending of Year Fund Balance</b>	\$ <u>---</u>	\$ <u>---</u>	\$394,395	\$394,395

**FAIRFIELD TOWNSHIP**  
**Budgetary Comparison Schedule**  
**Fire Fund (Major Special Revenue Funds)**  
**For The Year Ended March 31, 2007**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>	\$ 44,388	\$ 44,388	\$119,485	\$75,097
<b><u>Resources (Inflows)</u></b>				
Taxes	67,725	67,725	72,883	5,158
Interest	75	75	92	17
Donations	300	300	385	85
Miscellaneous	1,500	1,500	10,927	9,427
Transfer In	15,000	---	15,000	---
Grants	---	15,000	2,868	2,868
<b><u>Amounts Available for Appropriation</u></b>	<u>128,988</u>	<u>128,988</u>	<u>221,640</u>	<u>92,652</u>
<b><u>Charges to Appropriations (Outflows)</u></b>				
<b><u>Public Safety</u></b>				
Salaries and Wages	20,000	20,000	15,975	4,025
Fringe Benefits	1,540	1,540	1,222	318
Operating Supplies	5,237	5,237	1,177	4,060
Gas and Oil	3,500	3,500	3,169	331
Telephone	890	890	1,216	(326)
Repairs and Maintenance	10,000	10,000	17,457	(7,457)
Insurance	30,000	30,000	28,955	1,045
Dues and Publications	700	700	717	(17)
Computer Services	350	350	---	350
Transportation	2,200	2,200	2,461	(261)
Education & Training	3,800	3,800	7,112	(3,312)
Community Promotion	3,000	3,000	---	3,000
Other	24,771	24,771	23,183	1,588
Capital Outlay	23,000	23,000	26,213	(3,213)
<b><u>Total Charges to Appropriations</u></b>	<u>128,988</u>	<u>128,988</u>	<u>128,857</u>	<u>131</u>
<b><u>Ending of Year Fund Balance</u></b>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>92,783</u>	\$ <u>92,783</u>



**FAIRFIELD TOWNSHIP**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**March 31, 2007**

	<u>Special Revenue Funds</u>	<u>Special Revenue Funds</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Liquor Enforcement</u>	<u>Hinde Playground</u>	
<b><u>Assets</u></b>			
Cash	\$ 277	\$5,446	\$5,723
<b>Total Assets</b>	\$ 277	\$5,446	\$5,723
<b><u>Liabilities and Fund Balances</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ ---	\$ ---	\$ ---
<b>Total Liabilities</b>	---	---	---
<b><u>Fund Balance</u></b>	277	5,446	5,723
<b>Total Liabilities And Fund Balances</b>	\$ 277	\$5,446	\$5,723

**FAIRFIELD TOWNSHIP**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balance**  
**Non-Major Governmental Funds**  
**For The Year Ended March 31, 2007**

	<b>Special Revenue Funds</b>	<b>Special Revenue Funds</b>	<b>Total Non-Major Governmental Funds</b>
	<b><u>Liquor Enforcement</u></b>	<b><u>Hinde Playground</u></b>	
<b><u>Revenues:</u></b>			
Intergovernmental	\$ 522	\$ ---	\$ 522
Donations	---	500	500
Interest and Rents	<u>1</u>	<u>5</u>	<u>6</u>
<b>Total Revenue</b>	<u>523</u>	<u>505</u>	<u>1,028</u>
<b><u>Expenditures:</u></b>			
Public Safety	<u>600</u>	<u>---</u>	<u>600</u>
<b>Total Expenditures</b>	<u>600</u>	<u>---</u>	<u>600</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>(77)</u>	<u>505</u>	<u>428</u>
<b><u>Beginning Fund Balance</u></b>	<u>354</u>	<u>4,941</u>	<u>5,295</u>
<b><u>Ending Fund Balance</u></b>	<u>\$ 277</u>	<u>\$5,446</u>	<u>\$5,723</u>

# PHILIP R. RUBLEY

– *Certified Public Accountant* –

133 W. MAIN STREET • MORENCI, MI 49256

PHONE 517/458-2274

FAX 517/458-6353

PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

**September 28, 2007**

**Township Board  
Fairfield  
Lenawee County  
9965 Brown St.  
Weston, MI 49289**

We have examined the financial statements of the Fairfield Township as of and for the year ended March 31, 2007 and have issued our report thereon dated September 28, 2007. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such an evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statement and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2007, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

Statement on Auditing Standards Pronouncement 112 requires us as auditors to communicate what we determine to be significant deficiencies and material weaknesses to management and those charged with governance in regards to internal control matters.

A significant deficiency is a control deficiency or combination of control deficiencies that creates the remote likelihood that a misstatement of the Township's financial statements is more than inconsequential and will not be prevented or detected.

Based on the criteria we have no comments.

**OTHER MATTERS FOR CONSIDERATION**

These comments are not significant deficiencies but are suggestions to improve your existing accounting and control systems.

1. **FIXED ASSETS – CAPITAL**

It will be necessary for the Township to establish and maintain records for acquisition and disposal of the Township's depreciation threshold of \$1500.

2. **GENERAL LEDGER / BANK RECONCILIATIONS**

Bank reconciliations need to be tied in by treasurer and clerk with general ledger balances and appropriate adjustments made.

3. **BUDGET – FINAL**

Reprint budget with approved budget adjustment updates.

4. **TRANSFER BETWEEN CASH ACCOUNTS**

Transfers between cash accounts in the same fund are made as a increase/decrease to the appropriate cash accounts, do not take to transfer in or out.

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated September 28, 2007 on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

Respectfully Submitted,



Philip R. Rubley, CPA

PRR/cab